UNIVERSITY OF VICTORIA MONEY PURCHASE PENSION PLAN

ANNUAL REPORT TO MEMBERS

2012

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Contents

The information in this report is provided for the general information of members. The precise terms and conditions of the Plan are provided in the relevant plan documents. If there is a discrepancy between this report and the plan documents, the plan documents apply.

Letter from the Chair

Starting this letter, I was somewhat amazed to see eleven previous versions residing on my computer! This time has been enjoyable and profoundly educational for me and I would like to thank all of you, especially those who have contributed directly to the work of the Trustees, for your continued help and support without which my role would have been impossible.

This was a good year for the Pension Plan with a gross return of 9.98% and expenses of 0.29% for a net return of 9.69%. This placed us in the 23rd percentile (i.e. 77% of plans had lower returns) of RBC Investor Services data set for plans with assets from $250 million to $1 billion. I noticed recently that the huge Ontario Municipal Employees Retirement System (OMERS) considered a 10.03% gross return worthy of national headlines and we estimate their expenses at about 0.7% so we have reason to feel good about our plan. Over longer periods, which is how one should view the health of a pension plan, our returns have been second quartile (i.e. at least 50% of plans had lower returns) with annualized gross returns of 3.69% over the volatile 5 years 2008-2012 and 7.28% over the 10 years 2003-2012.

As you probably know, 2012 was a good year for investors in general, seemingly despite many lingering problems in the global economy. Many countries remain burdened with excessive debt, the euro-zone is in economic and financial turmoil, and political dysfunction is preventing the U.S. from dealing with its large fiscal deficits. There is no immediate solution to these problems and there may be more stormy weather ahead. We can only hope that the forces (strong corporate profitability and low interest rates) which drove equity markets higher in 2012 will remain in place this year and that the global economy will improve rather than worsen.

For those of you interested in a more detailed breakdown: as of 31st December 2012, the Plan's investments totalled $35.4 million. These assets were divided among the following classes (with returns for 2012 in brackets): Canadian equity, $10.2 million (9.2%); non-Canadian equity, $9.3 million (15.0%); bonds and mortgages, $10.7 million (5.0%); real estate, $4.3 million (17.2%); plus $0.9 million in short-term and cash investments.

2012 was an eventful year for some of our money managers. Members may recall that our Canadian equity investments with Phillips, Hager & North were moved to Sceptre Investment Counsel in 2009. In 2010 Sceptre merged with Fiera Capital and in 2012 made three acquisitions from National Bank, Canadian Wealth Management and UBS Global Asset Management. The firm is now known as Fiera Capital Corporation and its assets under management have grown from $7 billion in 2009 to $63 billion. To date these changes do not seem to have impacted the management style or performance of the company, but it is no longer the small nimble firm the Trustees thought they had chosen and we are keeping a careful watch on the situation. More worrying were the events at Jarislowsky-Fraser (JF), our other Canadian equity manager. In recent years, several senior and influential members of their investment teams left the firm, including our account representative. Then in early November 2012, it was announced the President and Chair of the Investment Strategy Committee had resigned effective the end of that month along with another senior partner and member of the Executive Committee. These strong indications of internal turmoil at JF were added to reports that some large investors were withdrawing their funds, potentially creating a liquidity problem as JF has very large holdings in a comparatively small number of stocks. Moreover, the Trustees had already placed JF on watch for performance problems, for example noting they were below median in 6 of the last 12 quarters and 4th quartile in 4 of the 12 quarters. Finally a question to our consultants, Towers Watson, confirmed that they would recommend withdrawal from JF. Consequently, the Trustees acted immediately at their November meeting to withdraw all funds from JF and transfer the assets to BC Investment Management Corporation (bcIMC). The latter was chosen because of our existing relationship with them and the consequent ease of transfer. In the event, the transfer was achieved over a period of about one week at minimal cost and with excellent co-operation from bcIMC; the funds going mainly to an actively managed Canadian equity fund.

Except for the move from JF to bcIMC, our fund management remains unchanged with the following approximate distribution of assets as percentages of the total Plan: Fiera (Canadian Equity, 14.2%); Phillips, Hager & North (fixed income, 32.6%); bcIMC (Canadian equity, 14.8%; global equity, 26.2%; real estate through "Realpool" 12.2%).

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Letter from the Chair

The year was a very busy period for the Trustees. Apart from the investment management issues, there was a retreat to study the current law and best practices related to plan governance. The University and the Plan are now required to adopt a formal policy for Governance, and it may also be advisable for the University and the Plan to have discussions on their relative powers to recommend, draft and adopt changes to the Plan. It is also worthy of note that the law on Trustees fiduciary duty remains focussed on the best "financial" interests of the members and no new case law is available in this area.

2012 also saw the introduction of two pieces of new legislation which will affect our policies and procedures. A new Pension *Benefits Standards Act (BC)* was passed in 2012 and will become fully effective when the associated regulations are produced, probably in 2014. There is also a new *Family Law Act* which comes into force in 2013 to replace the previous *Family Relations Act* with some significant changes to regulations governing division of pensions in cases of family breakup.

In Trustee news, the membership of the Board of Trustees is unchanged from last year. I was re-elected as Chair at the January meeting of the Trustees and would like to extend my personal thanks to the Trustees for their continued confidence and support. I will be ably assisted in the role of Chair by Michael Miller who has kindly agreed to continue as Vice-Chair for 2013. I look forward to his support and wise counsel. Our committee Chairs are Kristi Simpson (Investment), Deborah George (Policy and Procedure) and myself (Governance and Communications).

Finally, I look forward to meeting many of you at our Annual General Meeting on April 4th.

This year will be my 13th as Chair so let us hope the double whammy superstition does not prevail!

Best Wishes to All,

Keith R. Dixon
Chair, Board of Pension Trustees

Governance

The Plan is governed by a Board of Trustees (the "Pension Board"). The Board of Trustees for the University of Victoria Combination Pension Plan also serves as the Pension Board for this Plan.

The Pension Board oversees investment of the pension fund, financial management of the Plan and ensures the Plan is administered in accordance with the trust agreement, the *Income Tax Act (Canada)* and *Pension Benefit Standards Act (BC)*.

Annual General Meeting

4:30 p.m. Thursday, 4 April 2013
Room A104
Bob Wright Centre

This is an informal meeting at which the Pension Board reports to the membership, and answers questions. This year's meeting will include a brief presentation. The Pension Board hopes members will be able to attend.

As at 31 December 2012, the Trustees were:

Financial information at a glance

Investments and Returns	2010		2011		2012	
Market value of investments						
Balanced Fund	$30,278,945		$31,853,591		$35,314,774	
Balanced Fund		%		%		%
Gross returns	$2,641,109	9.56	$283,258	0.92	$3,195,984	9.98
Expenses	76,824	(0.28)	86,533	(0.28)	90,479	(0.29)
Net returns distributed to accounts	2,564,285	9.28	196,725	0.64	3,105,505	9.69

Benefit Payments	2010	2011	2012
Lump sum payments and transfers	$ 600,953	$840,729	$2,123,061
Variable benefit pensions	85,105	131,044	160,660

The variable benefit was added in 2006, subject to a minimum account size.

Contributions	2010	2011	2012
Members' required	$ 677,921	$ 724,265	$ 787,661
University required	1,587,128	1,655,966	1,775,778
Members' voluntary	20,310	19,810	21,423
Transfers from other plans	220,735	3,749	79,247

Full audited financial statements are available online at: http://web.uvic.ca/vpfin/financialplanning/pension/pensionmain.htm A print copy may also be requested from the Pension Office at (250) 721-7030 or by email at pensions@uvic.ca with the subject line "Money Purchase Plan Financial Statements Print Copy".

Investments

Objectives

Plan assets (Money Purchase Contribution Accounts, Variable Benefit Accounts and Additional Voluntary Contribution Accounts of active and inactive members) are invested in the Balanced Fund, together with member accounts from the Combination Pension Plan.

The main long-term investment objectives set by the Pension Board and accepted by the Plan's investment managers (refer to Appendix C) are to secure the obligation of the Plan and the University for pension benefit payments. In recognition of the Plan's current characteristics, an average degree of risk in terms of short-term variability of returns may be tolerated in the Balanced Fund's investments in pursuit of longer term returns.

The primary objective for the Balanced Fund is to achieve a rate of return, net of investment fees and based on a four-year moving average, which is above a benchmark rate of return associated with asset mix policy. The **table on page 7** shows actual asset mix at 31 December 2012, and the policy benchmark and range.

Asset Mix Policy

	Representative index	Balanced Fund Actual weight (%)	Balanced Fund Benchmark (Range) (%)
Cash & equivalents	DEX 91-day T-Bill Index	2.3	0 (0-18)
Universe bonds	DEX Universe Bond Index	30.4	36 (24-48)
Real return bonds	DEX RRB Overall Index	-	-
Canadian equities	S&P/TSX Capped Composite	28.8	27 (17-37)
Foreign equities	MSCI World	26.2	27 (23-31)
Real estate	CPI + 4%	12.3	10 (5-15)

Investment returns are measured on a time-weighted basis. The return objectives include realized and unrealized capital gains or losses, plus income from all sources.

The Investment Committee monitors and reviews performance and reports to the Pension Board on a quarterly basis. While short-term results are of interest, it is important to recognize that an investment strategy ought to provide good results over the longer term. As a consequence, the Pension Board focuses on evaluating investment performance over rolling four-year periods. Over rolling four-year periods, the domestic managers are expected to meet the benchmark plus 0.5% per annum, plus investment management and pooled fund custodial fees. The global manager is expected to meet the standard plus 1.0% per annum, plus investment management and pooled fund custodial fees. The real estate manager is expected to return the Canadian Consumer Price Index plus 4%.

Balanced Fund—annualized returns

The table below shows the annualized rates of return on the Balanced Fund portfolio over the last ten calendar years. “Gross Gain (Loss)” are returns before expenses. “Net Gain (Loss)” are returns after all investment and operating expenses. “Net Gain (Loss)” is the rate of return credited to members’ individual Money Purchase Contribution Accounts, Variable Benefit Accounts and Voluntary Contribution Accounts.

	1 year		4 year		10 year	
Year ended 31 December	**Gross Gain (Loss)**	**Net Gain (Loss)**	**Gross Gain (Loss)**	**Net Gain (Loss)**	**Gross Gain (Loss)**	**Net Gain (Loss)**
	%	%	%	%	%	%
2012	9.98	9.69	8.98	8.70	7.28	7.01
2011	0.92	0.64	2.17	1.90	5.86	5.59
2010	9.56	9.28	2.68	2.41	6.00	5.73
2009	16.01	15.71	3.44	3.17	6.31	6.04
2008	(15.05)	(15.29)	2.75	2.48	5.81	5.54
2007	2.94	2.68	10.05	9.78	8.49	8.20
2006	12.87	12.59	13.12	12.84	9.12	8.82
2005	12.91	12.62	8.70	8.42	9.69	9.38
2004	11.81	11.56	6.04	5.77	9.97	9.66
2003	14.91	14.62	6.28	6.01	8.91	8.57

Investments

Balanced Fund—expense ratio detail

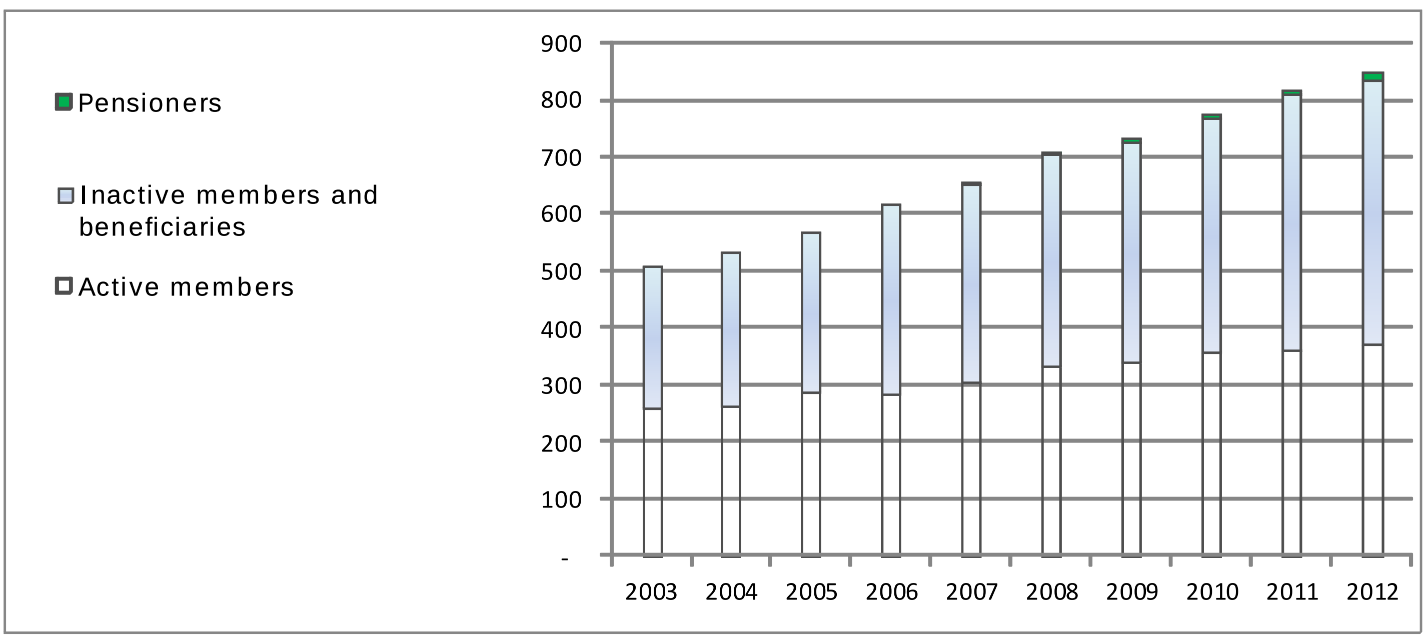
The table below provides the detail of all expenses incurred in investing and operating the pension plan. Expenses are deducted from gross gain (loss) to determine net gain (loss). Due to the effect of compounding, over extended periods of time expenses can have a material impact on final account balances. Expenses are often described as expense ratios and expressed as basis points; 0.29% is 29 basis points.

	2010		2011		2012	
Balanced Fund		%		%		%
Investment management expenses	$53,933	0.19	$59,394	0.19	$64,015	0.21
Custodial and consulting expenses	5,146	0.02	5,843	0.02	7,741	0.02
Office and administration expenses	13,018	0.05	16,143	0.05	13,574	0.04
Audit and legal expenses	4,727	0.02	5,153	0.02	5,149	0.02
Total expenses	$76,824	0.28	$86,533	0.28	$90,479	0.29

Membership statistics

The table and chart below show the growth in plan membership over the past ten years. Active members are members who are still employed by the University and contributing to the plan. Inactive members are members who have terminated employment but have not yet elected a benefit; the category also includes a small number of accounts held by surviving spouses of members who died before retirement. Pensioners are members and beneficiaries who are drawing a monthly pension from the plan.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Active members	259	262	287	285	305	334	339	356	360	370
Inactive members	248	270	283	331	347	370	389	412	449	465
Pensioners	-	-	-	-	4	4	6	9	10	13
Total	507	532	570	616	656	708	734	777	819	848



What are the Contributions?

Members and the University share the cost of the plan.

Money Purchase Contribution Account: For 2013, members' contributions are 3% of basic salary up to the YMPE (Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan) of $51,100 plus 5% of basic salary in excess of that amount. Members' contributions are credited to members' individual Money Purchase Contribution Accounts (MPCAs).

The University contributes to individual MPCAs an amount equal to 8.37% of basic salary up to the $51,100 plus 10% in excess of that amount.

Total contributions to individual members' MPCAs are therefore 11.37% of salary up to the $51,100 plus 15% in excess of that amount, subject to the limit that they may not exceed the lesser of 18% of the member's earnings and the annual defined contribution maximum set under the *Income Tax Act* ($24,270 in 2013).

Voluntary: Subject to *Income Tax Act* maximums, members may elect to make additional contributions to a voluntary contribution account through payroll deduction or by transfer from another registered plan (RRSP or Canadian registered pension plan). Transfers from spousal RRSPs are not permitted.

Example of 2013 pension contributions based on an annual salary of $58,000

	Member Amount (%)	University Amount (%)	Total Amount (%)
Money Purchase Contribution Account	$1,878 (3.24)	$4,967 (8.56)	$6,845 (11.80)
Canada Pension Plan	2,356 (4.06)	2,356 (4.06)	4,712 (8.12)
Total pension contributions	$4,234 (7.30)	$7,323 (12.62)	$11,557 (19.92)

When are members eligible for a retirement benefit?

Retiring members of the Money Purchase Pension Plan may use the monies accumulated in their Money Purchase Contribution Account (and Voluntary Contribution Account, if applicable) to provide a lifetime retirement income. Retirement ages are defined below.

Normal retirement date for a member of the Money Purchase Pension Plan is the last day of the month in which the member attains 65 years of age.

Early retirement A member may elect to take early retirement on or after the end of the month in which the member attains 55 years of age.

Deferred retirement A member may defer commencement of retirement benefits until the end of the calendar year in which the member attains 71 years of age.

What are the options at retirement?

Options at a Glance

- Start a variable benefit (RRIF/LIF-type option) from the Plan, subject to a minimum account size
- Purchase a life annuity from an insurance company
- Transfer MPCA to a RRIF/LIF
- Transfer MPCA to a (locked-in) RRSP
- Transfer MPCA to another registered pension plan
- Leave MPCA on deposit for a future pension (default option)

A member has a range of options designed to allow tailoring of retirement income to suit his or her individual situation, preferences, and financial plan. The detailed selection of any one option or a combination of options is a matter for the individual member and his or her private financial advisor, and the plan cannot provide this type of advice. Spousal consent is required for some options. Subject to some restrictions, options may be combined for maximum flexibility.

With minor variations, there is basically one option available directly from the Plan and two options outside the Plan. Within the Plan, a member may choose a variable benefit (basically similar to an external life income fund). Alternatively the member may remove his or her funds from the Plan, and choose between an external annuity, for example from an insurance company, or a registered retirement/life income fund. When an annuity is purchased with a member's Money Purchase Contribution Account (MPCA) balance, control and ownership of the account balance is relinquished in exchange for the promise of a future lifetime income. This is in contrast to the variable benefit or a retirement income fund, where the member retains control and ownership of the account balance, and makes withdrawals within statutory limits.

If a member wishes to defer commencement of benefits, this can be accomplished (to age 71) by leaving the money within his or her MPCA, or external to the plan by making use of (locked-in) registered retirement savings plans (RRSPs).

1. **Variable Benefit**
   This option is similar to an external life income fund. A member is eligible for this option if his/her account balance is at least twice the Year's Maximum Pensionable Earnings (YMPE). The YMPE in 2013 is $51,100. The funds that accumulate in a member's MPCA and Unrestricted or Restricted Voluntary Account(s), if applicable, are held in a Variable Benefit Account (VBA). The member retains ownership of the funds and each year sets the monthly retirement benefit, subject to statutory minima and maxima. The minimum does not take effect until the year the member reaches age 72 and, for a particular year after age 71, is the value of the account at the start of the year multiplied by the appropriate percentage rate from an age-based table. A member with a younger spouse may elect to use the spouse's age for purposes of determining the appropriate percentage rate for the minimum withdrawal. The maximum for a particular year only applies to the locked-in (post-1992) portion of a member's account. For pensioners who have been on the option for a full calendar year, the maximum is the greater of: (a) actual investment returns for the preceding year; and (b) the locked-in portion of the account at the start of the year multiplied by the appropriate factor from an age-based table. A booklet explaining the variable benefit in more detail is available upon request from the Pension Office. The booklet contains a table of withdrawal rate limits.

   The balance remaining in a member's account after each month's withdrawal shares in the investment performance of the Balanced Fund and, when the member dies, any remaining balance forms the survivor benefit.

   If the member has a spouse, spousal consent is required for the variable benefit option.

   With one full calendar month of notice, a variable benefit pensioner may terminate the pension and apply the balance remaining to one or a combination of the other options. If the member is over 71 years of age, the minimum withdrawal for the year must be satisfied before the funds are applied to another option. If the funds are transferred to a life income fund, no withdrawal is permitted from the new life income fund until the following calendar year.

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Options at retirement continued

2. Life Annuity from a life insurance company

Life annuities may be purchased from life insurance companies. Normally, a life annuity pays a fixed annual amount, unlike our internal annuities, which vary according to investment performance. Some companies may offer annuities with a fixed annual percentage escalation over time. As with the internal annuities, the initial payments depend on the balance available, the age of the annuitant, and the survivor option selected. Annuity rates offered are based on prevailing interest rates and other market factors, and can vary substantially from one company to another.

3. Registered Retirement and Life Income Funds (RRIFs and LIFs)

The portion of a member's account that is attributable to pre-1993 contributions may be transferred to a registered retirement income fund (RRIF). The remainder (post-1992) is locked-in and is only transferable to a life income fund (LIF). In both cases, the member retains ownership of the monies. The permissible underlying investments of RRIFs and LIFs are the same as for registered retirement savings plans (RRSPs) and may be self-directed. Based on the age of the member, there are statutory annual minimums for withdrawals from RRIFs and LIFs, and a maximum for LIFs, but no maximum for RRIFs. If the member has a spouse, spousal consent is required for a transfer to a LIF.

What are the options upon termination of employment?

If a member leaves the employ of the University before earliest retirement age (55 years of age), the member is eligible for one of the following options:

- Leave Money Purchase Contribution Account (MPCA) on deposit for a future pension (default option)
- Transfer MPCA to a (locked-in) RRSP
- Transfer MPCA to another registered pension plan
- Purchase a deferred life annuity from an insurance company

Any portion of the member's account that is attributable to contributions made prior to 1993 is not subject to lock-in conditions and may be transferred to a regular RRSP or Registered Retirement Income Fund (RRIF) or be paid in cash less withholding tax. A member must commence a pension benefit or effect a transfer from the plan by the end of the calendar year in which the member attains 71 years of age.

What are the survivor benefits?

The survivor benefit for a member who dies **before commencing a benefit, or for a variable benefit pensioner**, is the balance in the member's account(s).

Under the *Pension Benefits Standards Act*, the beneficiary for the survivor benefit must be the member's spouse (if the member has a spouse), unless the spouse has completed and filed a Spouse’s Waiver of Pre-retirement Benefits with the Pension Office; or, in the case of the variable benefit, the member did not have a spouse at the start date of the variable benefit. The definition of spouse includes a common-law or same sex partner.

Members who have ended a legal marriage or who have had a common-law partner for at least two years are encouraged to verify that their beneficiary designation is current and valid. A person to whom you are married retains spousal status for up to two years following separation.

A beneficiary who is a spouse may elect a monthly benefit or a transfer of the member's account balance to (locked-in) RRSPs or RRIFs/LIFs. All options that are available to a member are available to a surviving spouse, with the exception that the spouse need not have attained 55 years of age to commence a monthly benefit. The spouse must commence a pension benefit or effect a transfer from the plan by the later of one year following the member's date of death or the end of the calendar year in which the spouse attains 71 years of age.

Under the *Income Tax Act* a beneficiary who is not a spouse is required to withdraw the death benefit in cash as soon as is practicable. Withholding tax of up to 30% will be deducted from any cash payment. The actual tax payable depends on the beneficiary's marginal tax rate in the year in which the cash payment is issued.

Plan administration

General enquiries or requests for statements should be directed to the Pension Office at (250) 721-7030, by email to pensions@uvic.ca, or to:

Mailing address

Pension Services
University of Victoria
PO Box 1700, Stn CSC
Victoria BC V8W 2Y2

Physical address/courier

Pension Services
University of Victoria
ASB—Room B278
3800 Finnerty Rd
Victoria BC V8P 5C2

Retiring members should contact the Pension Office at least 3-6 months before their retirement date (last date on pay *vs* last day at work). The Pension Office will send the member a statement of options and the forms required for the various options. **The forms must be received in the Pension Office at least one full calendar month prior to the benefit payment date**.

Pensions are paid on the first of each month. Lump sum payments and transfers are processed at the end of each calendar month; the payment or transfer value is the market value at the end of the previous month, plus interest for the final month.

APPENDIX A: Portfolio holdings at 31 December 2012, Balanced Fund

Short-term investments (2.27% of total)

	Par Value or Units	Market Value
Canada Treasury Bills	$1,350,000	$ 1,346,861.79
Pooled Funds		
bcIMC Canadian Money Market Fund ST2	10.755	41,448.92
Phillips, Hager & North Institutional STIF	1,431,344.141	14,313,441.41
		$15,701,752.12

Canadian bonds (28.45% of total)

	Interest Rate	Maturity Date	Par Value or Units	Market Value
Federal (government and government guaranteed)				
Canada	1.500	2017	$3,044,000	$ 3,060,629.37
Canada Housing Trust	3.750	2020	2,762,000	3,084,087.87
Canada Housing Trust	3.800	2021	1,237,000	1,392,406.78
NHA MBS #96505011 by Peoples Trust Co	4.200	2019	185,000	191,105.00
NHA MBS #96503636 by Equitable Trust Co	4.350	2018	620,000	613,366.00
Provincial (government and government guaranteed)				
New Brunswick	4.800	2041	391,000	481,186.50
Ontario	3.150	2022	494,000	511,384.85
Ontario	3.500	2043	506,000	518,107.06
Ontario	4.600	2039	2,874,000	3,449,110.39
Ontario	4.650	2041	2,397,000	2,939,455.48
Ontario	4.700	2037	2,843,000	3,429,698.54
Ontario	5.600	2035	4,328,000	5,787,925.29
Ontario	5.850	2033	1,974,000	2,683,317.42
Ontario	6.200	2031	428,000	595,487.10
Ontario	6.500	2029	867,000	1,222,955.52
Ontario	7.600	2027	18,153,000	27,427,894.14
Ontario	8.000	2026	675,000	1,033,433.10
Ontario	8.100	2023	1,970,000	2,903,646.04
Ontario	8.500	2025	265,000	417,000.56
Ontario Hydro	8.250	2026	1,199,000	1,863,630.88
Quebec	3.500	2022	5,332,000	5,618,749.63
Quebec	4.250	2043	81,000	92,247.42
Quebec	5.000	2041	1,496,000	1,890,091.28
Quebec	5.750	2036	743,000	1,001,113.74
Quebec	6.000	2029	183,000	244,277.55
Quebec	6.250	2032	1,188,000	1,647,731.05
Quebec	8.500	2026	1,405,000	2,193,244.34
Quebec	9.375	2023	1,681,000	2,612,184.91
Municipal (government and government guaranteed)				
Municipal Finance Authority BC	3.350	2022	139,000	143,872.09
South Coast BC Transportation	3.800	2020	705,000	755,011.29
Corporate				
Cadillac Fairview Finance Trust	3.240	2016	870,000	906,296.40
CBC Monetization Trust	4.688	2027	207,359	232,913.92
CDP Financial Inc	4.600	2020	138,000	156,696.79
Hospital for Sick Children	5.217	2049	330,000	409,108.59
Pooled Funds				
Phillips, Hager & North High Yield Bond Fund			600,422.597	7,020,921.56
Phillips, Hager & North Investment Grade Corp Bond Trust			10,481,764.963	107,951,697.35
				$196,481,985.80

APPENDIX A: Portfolio holdings at 31 December 2012, Balanced Fund continued

Mortgages (1.93% of total)

	Units	Market Value
Phillips, Hager & North Mortgage Pension Trust Fund	1,255,818.958	$13,364,927.68

Canadian equities (28.85% of total)

	Shares	Market Value
Consumer Discretionary		
Dollarama	20,900	$ 1,232,473.00
Magna International Inc	29,300	1,455,624.00
Shaw Communications Inc Class B Non-Vtg	59,500	1,358,980.00
Tim Hortons Inc	21,663	1,057,804.29
Consumer Staples		
Saputo Inc	32,400	1,630,044.00
Shoppers Drug Mart Corp	31,000	1,326,800.00
Energy		
Arc Resources Ltd	50,900	1,243,996.00
Baytex Energy Corp	18,200	780,234.00
Cameco Corp	64,900	1,271,391.00
Canadian Natural Resources Ltd	104,775	3,000,756.00
Cenovus Energy Inc	73,910	2,460,463.90
Crescent Point Energy Corp	42,500	1,598,850.00
Imperial Oil Ltd	27,200	1,162,256.00
Inter Pipeline Fund Class A	58,900	1,384,150.00
Keyera Corp	19,286	949,449.78
Meg Energy Corp	32,000	974,080.00
Suncor Energy Inc	125,027	4,089,633.17
Tourmaline Oil Corp	37,800	1,180,494.00
Vermilion Energy Inc	24,400	1,268,068.00
Financials		
Bank of Nova Scotia (The)	101,100	5,809,206.00
Brookfield Asset Management Inc Class A Ltd Vtg	81,400	2,966,216.00
Canadian Imperial Bank of Commerce	42,680	3,413,119.60
Intact Financial Corp	16,800	1,088,136.00
Manulife Financial Corp	187,198	2,529,046.08
Onex Corp Sub-Vtg	24,347	1,019,408.89
Royal Bank of Canada	115,028	6,887,876.64
Toronto-Dominion Bank (The)	78,700	6,591,125.00
Health Care		
Catamaran Corp	38,223	1,788,071.94
Industrials		
Canadian National Railway Co	49,500	4,471,335.00
Finning International Inc	56,749	1,394,322.93
Materials		
Agrium Inc	14,879	1,475,104.06
Eldorado Gold Corp	116,819	1,495,283.20
Goldcorp Inc	89,000	3,254,730.00
New Gold Inc	90,600	997,506.00
Potash Corp of Saskatchewan Inc	81,800	3,311,264.00
Silver Wheaton Corp	52,511	1,883,044.46
Teck Resources Ltd Class B Sub-Vtg	50,192	1,814,440.80
West Fraser Timber Co Ltd	6,324	442,996.20

Canadian equities continued

	Shares or Units	Market Value
Telecommunication Services		
Rogers Communications Inc Class B Non-Vtg	57,300	$ 2,587,668.00
Utilities		
Emera Inc	40,000	1,389,600.00
Pooled Funds		
bcIMC Active Canadian Equity Fund	13,746.134	101,985,262.85
Sceptre Small Cap Fund	79,302.758	11,220,499.65
		$199,240,810.44

Foreign equities (26.13% of total)

	Units	Market Value
bcIMC Active US Equity Fund	3,824.860	$ 16,963,331.70
bcIMC Active US Small Cap Equity Fund	3,176.618	4,102,897.14
bcIMC Enhanced Indexed US Equity Fund	5,775.562	10,427,148.09
bcIMC Active Asian Equity Fund	5,502.167	11,907,179.54
bcIMC Active Emerging Equity Fund	2,165.740	2,249,332.82
bcIMC Active Global Equity Fund	6,086.024	6,913,229.80
bcIMC Indexed Asian Equity Fund	1,023.110	1,053,108.47
bcIMC Indexed European Equity Fund	8,403.713	10,764,442.52
bcIMC Indexed Global Equity Fund	102,084.268	116,067,873.65
		$180,448,543.73

Currency hedges (0.10% of total)

	Units	Market Value
bcIMC Euro Currency Hedging Fund	613.011	$665,521.92

Real estate (12.27% of total)

	Units	Market Value
bcIMC Realpool Investment Fund	11,894.688	$84,781,246.79

Total Balanced Fund investment portfolio at market value	**$690,684,788.48**
Portion held by the University of Victoria Money Purchase Pension Plan (5.11%)	**$35,314,774.50**

APPENDIX B: History of the Plan

The Money Purchase Pension Plan is a defined contribution plan. It was created 1 January 1991 for members of the faculty and administrative and academic professional staff holding term appointments or regular (continuing) appointments of 50% or more of full time, but less than full time and for senior instructors and sessional lecturers. In a defined contribution plan, the contributions of the member and his or her employer, together with net investment earnings or losses, accumulate throughout the member's career. At retirement, the accumulated sum is used to purchase a pension. In a defined contribution plan, net investment returns are obviously of great importance to the member.

Member contribution rates. Members of the plan contribute an amount equal to:

(a) 3% of basic salary up to the contributory earnings upper limit for the Canada Pension Plan (the “Year’s Maximum Pensionable Earnings” - YMPE), plus
(b) 5% on the salary in excess of that limit.

University contribution rates. The University contributes an amount equal to:

(a) 8.37% of basic salary up to the YMPE, plus
(b) 10% on the salary in excess of that limit.

The contributions are directed to the members' Money Purchase Contribution Accounts. The University's contributions in respect of a member, when combined with the member's required contributions, cannot exceed the lesser of 18% of the member's earnings and the annual defined contribution limit set under the Income Tax Act. In 1994, in response to these limits, the Supplemental Benefit Arrangement (SBA) was created. The SBA is a complement to the Money Purchase Pension Plan. It provides benefits that may not be provided under the registered pension plan.

On 1 January 1993, minimum pension standards legislation became effective in BC. The most significant impact this had on members of the Money Purchase Pension Plan is that contributions made on or after 1 January 1993 must be locked-in to provide a lifetime retirement income. Contributions made prior to 1993 were restricted under the plan document. The restrictions did not amount to full lock-in under pension standards and were removed on 1 November 2006.

On 1 November 2006, the variable benefit was added as an option for retiring members with an account balance at least twice the Year’s Maximum Pensionable Earnings (YMPE). The variable benefit is essentially a life income fund operated by the pension plan. It provides members with a regular but flexible retirement income. A booklet explaining the variable benefit in more detail is available upon request from the Pension Office.

Service providers at the end of December 2012		
Investment Managers	BC Investment Management Corporation (bcIMC) • manages one-half the Canadian equity portion, and all the global equity and real estate portions of the Balanced Fund	Victoria, BC
	Fiera Capital Corporation • manages one-half the Canadian equity portion of the Balanced Fund	Vancouver, BC
	Phillips, Hager & North Investment Management Limited • manages the fixed income portion of the Balanced Fund	Vancouver, BC
Custodian	RBC Investor Services Trust • custodian of plan assets, excluding bcIMC funds • payment service for pensions and taxable lump sums	Vancouver, BC
Investment consultant	Towers Watson	Vancouver, BC
Performance measurement	RBC Investor Services Limited	Vancouver, BC
Actuary	Mercer (Canada) Limited	Vancouver, BC
Auditor	Grant Thornton LLP	Victoria, BC